

MOTOR CARRIERS FUEL PURCHASE TAX

STATUTORY PROVISION

Title 30, Delaware Code, Chapter 52 and Title 21, Delaware Code, Chapter 4.

COLLECTION/ADMINISTRATIVE AGENCY

The Delaware Department of Transportation, Motor Fuel Tax Administration administers and receives the tax. Effective July 1, 1996, the Delaware Motor Fuel Tax Administration entered the International Fuel Tax Agreement (IFTA). The Motor Fuel Tax Administration also administers the International Registration Plan (IRP) in Delaware.

GENERAL LIABILITY

All persons operating a qualified vehicle are subject to the tax. A qualified vehicle includes any two axle power unit (tractor) weighing more than 26,000 pounds, three axle power unit regardless of weight, or any combination of power unit and trailing unit having a combined weight in excess of 26,000 pounds. Recreational vehicles are excluded from the tax unless used for business purposes.

Under the International Registration Plan, Delaware based motor carriers operating on an interstate basis must register each qualified vehicle and display an apportioned license plate. The duration of the initial registration of a vehicle under IRP may range from three (3) to eighteen (18) months. Thereafter vehicles are registered annually.

Under the International Fuel Tax Agreement, the State receives reports and tax revenues from those motor carriers "based" in Delaware. These reports and revenues are inclusive of the motor carriers' intrastate and interstate operations. After collecting these revenues, the Delaware Fuel Tax Administration distributes any taxes due to other IFTA members. Similarly, other member jurisdictions collect road use taxes on Delaware's behalf.

REGISTRATION FEES

International Registration Plan: Motor carrier IRP registration fees are derived by first multiplying each jurisdiction's respective fee by the ratio of miles traveled within its borders to total miles traveled. The resulting products of these state-by-state calculations are then summed to arrive at a motor carrier's overall IRP registration fee. In lieu of IRP registration, motor carriers may obtain individual trip permits in order to legally operate on an interstate basis.

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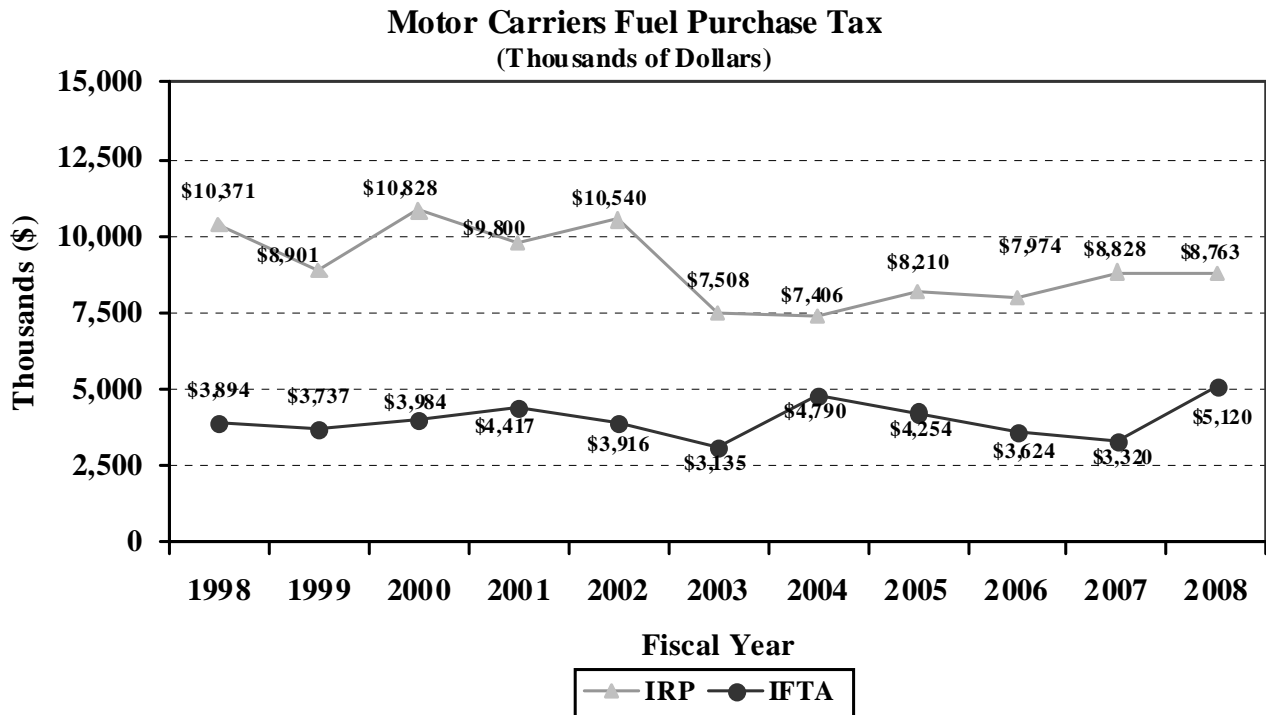
International Fuel Tax Agreement: IFTA qualified vehicles must display two IFTA decals and carry a copy of the IFTA license in the cab of the vehicle. IFTA decals are effective from January 1 through December 31 of each year. A 60 day grace period exists for all qualified IFTA motor vehicles displaying a prior year decal.

The cost of IFTA decals is \$5.00.

TAX RATE

The tax rate on motor fuels is 23¢ per gallon; 22¢ per gallon on special fuels.

TAX RECEIPTS



Note: Motor Carrier registration ended with the implementation of the International Fuel Tax Agreement in FY96. IFTA registration and fuel use revenues are included in the IFTA fiscal year totals.

LEGISLATIVE HISTORY

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
6/3/70	7/1/70	Instituted the motor carriers fuel tax (57 Del. Laws c 496).
7/13/73	7/17/73	Shifted administration responsibility to the Department of Public Safety, from the Department of Finance (59 Del. Laws c 216; HB 444).
7/13/82	10/1/82	Increased the registration (decal) fee to \$10 (63 Del. Laws c 387; HB 809).
7/17/84	7/17/84	Increased the maximum required surety bond to \$20,000 (64 Del. Laws c 365; HB 643).
6/28/85	6/28/85	Increased the victims' compensation surcharge, in violations, to 15% of the fine imposed (65 Del. Laws c 36; SB 20).
9/6/85	9/6/85	Exempted road-testing vehicles with dealer's tags from registration fees and fuel taxes (65 Del. Laws c 205; SB 45).
5/28/86	5/28/86	Changed the description of a covered passenger vehicle to a bus operated by a carrier with a seating capacity greater than twenty (20) passengers (65 Del. Laws c 272; SB 400).
6/27/86	10/1/86	Allowed registrants to file a fuel tax report annually if they meet certain tax liability requirements established by regulation (65 Del. Laws c 328; HB 513).
7/2/87	9/1/87	Increased the tax rate on gasoline and special fuel to 16 cents per gallon (66 Del. Laws c 87; HB 371).
2/2/88	2/2/88	Extended the period over which a motor carrier may apply credits against its tax liability, to eight quarters (was six quarters). Extended the period over which a motor carrier may apply for over-purchase refunds, to two years (from one year) (66 Del. Laws c 205; HB 167).
5/7/88	5/7/88	Redefined "miles traveled" in determining the tax liability due the state (66 Del. Laws c 244; SB 166).
7/18/90	10/1/90	Redefined "motor vehicle," and exempted farm trucks weighing less than 40,001 pounds (67 Del. Laws c 405; HB 63).
7/2/90	1/1/91	Increased the rate of tax to 19 cents per gallon (67 Del. Laws c 285; HB 777).
7/11/91	7/11/91	Authorized the Secretaries of the Departments of Public Safety and Transportation to enter into agreements for an International Registration Plan (IRP) and Cooperative Motor Carrier agreements between the states. Created statutory limitations for claims against the Transportation Trust Fund. (68 Del. Laws c 156; HB 390). Note:

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
		Delaware began participating in International Registration Plan on 1/1/95 and in the International Fuel Tax Agreement (IFTA) on 7/1/96. Both arrangements were necessitated by the federal Intermodal Surface Transportation Efficiency Act of 1991.
5/21/92	5/21/92	Specified that public carriers that are subject to regulation by the Transportation Authority must bear the expense of regulation – assessed at 0.002 times the gross operating revenue for each of Delaware's fiscal years. This charge is in addition to all other fees and charges imposed by the Authority under Title 2 (68 Del. Laws c 255; HB 27).
7/1/92	7/1/92	Transferred responsibility for the administration of the tax and the Division of Motor Fuel Tax to the Department of Transportation from the Department of Public Safety (68 Del. Laws c 290; SB 444).
7/1/93	9/1/93	Increased the motor fuel tax rate to 22 cents per gallon (was 19 cents), but left the special fuel tax unchanged at 19 cents per gallon (69 Del. Laws c 77; HB 350).
7/1/93	1/1/95	Increased the motor fuel tax rate to 23 cents per gallon, and the special fuel tax rate to 22 cents per gallon, from 22 cents and 19 cents, respectively (69 Del. Laws c 77; HB 350).
7/11/95	7/11/95	For tax payments made prior to 7/1/96, limited to four (4) from eight (8) the number of tax quarters which may be used to offset tax liability or apply for a fuel over-purchase refund. Per Delaware's entrance into IFTA, fuel purchase credits accrued after 6/30/96 are entitled to be carried forward for a period not to exceed eight (8) quarters from the quarter in which the credit was accrued (70 Del. Laws c 210; SB 260).

TAX FILING AND PAYMENT PROCEDURES

All Delaware based motor carriers, which have applied for and received an IFTA license must file an IFTA 100 tax return with applicable schedules on or before the last day of April, July, October, and January of each year.

Any motor carrier that accrues an over-purchase credit on its IFTA tax return may, regardless of size of the credit, carry over the credit for a period of up to eight quarters. If the accrued credit is \$25 or more, the motor carrier may also request a refund on the IFTA 100 Tax Report.

REGISTRATION PROCEDURES

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Delaware based motor carriers with interstate operations must apply for IFTA registration and the required accompanying IFTA decal sets by submitting form MFTA-1. As noted above, the cost is \$5.00 per IFTA decal.